



**Testimony of
Bonnie Stewart
VP, Government & Public Affairs & General Counsel
Connecticut Business & Industry Association
Before the
Finance, Revenue & Bonding Committee
Hartford, CT
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Good afternoon. My name is Bonnie Stewart and I am Vice President of Government and Public Affairs & General Counsel for the Connecticut Business and Industry Association (CBIA). CBIA represents more than 10,000 job creators throughout the state of Connecticut ranging from one-person businesses to large corporations. The majority of our members have fewer than 25 employees.

I appreciate the opportunity to comment on **SB 446**, An Act Repealing The Estate And Gift Taxes, which would eliminate the estate and gift taxes in Connecticut.

CBIA is well aware of the enormous benefits of having both people of wealth and small businesses in our state. They not only pay significant sales and income taxes, but they contribute to the communities in which they live. They donate to libraries, schools and playhouses. They sponsor little league and other youth sports and community events. They serve on the Boards of Directors for a variety of nonprofit entities. Additionally wealthy people often help the state's entrepreneurs by being angel investors. They are wanted and needed.

Still, tax policy impacts behavior and Connecticut's tax policy does not encourage either wealthy individuals to reside in the state, nor family owned businesses to locate or remain in the state. An example of this is the fact that Connecticut is the only state in the nation that has a gift tax, something that negatively impacts family businesses in particular.

Unfortunately the state is facing tough fiscal times. Spending has significantly outpaced population growth and there's been an awful cycle of spending followed by deficits, which in turn are followed by tax increases. Without a sustainable state budget and a stable fiscal climate, Connecticut will face an uphill climb to achieve the state's enormous economic

potential. Stabilizing short- and long-term state finances, putting Connecticut on a sustainable spending plan that taxpayers can afford and requiring more efficient delivery of services will drive our economy. Once we have a plan for doing that which allows for consistency, the state should begin to adopt tax policies that lead to greater private sector and individual investment in our state. Therefore instead of repealing the state estate and gift taxes outright, we recommend the legislature phase out the gift tax and on the state tax front phase in conformity with the federal estate tax..

Such a move would be more fiscally prudent, and would still encourage residency, business ownership, and charitable giving in Connecticut.

Thank you for the opportunity to recommend modifications to **SB 446**..

Please feel free to contact me with any questions or concerns on this, or any other matter, at bonnie.stewart@cbia.com or 860.244.1900.